amount due in an escrow account earning a rate of at least 8% interest, pending a final resolution of the dispute.

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- G. Bona Fide Request Fees. As an additional incentive for local residential telephone competition. Ameritech Ohio agrees to waive the Bona Fide Request ("BFR") initial processing fee associated with a BFR submitted by a NEC under the following condition: the NEC submitting the BFR must have, for the majority of the BFR requests it has submitted to Ameritech Ohio during the preceding 12 months, completed the BFR process, including the payment of any amounts due. The BFR initial processing fee will be waived for a NEC's first BFR following the Merger Closing Date and for a NEC that has not submitted a BFR during the preceding 12 months. For clarification, the BFR initial processing fee is currently \$2,000. This BFR fee waiver will be offered for a period of 3 years following the Merger Closing Date.
- H. Enhanced Local Number Portability Deployment. Upon the Commission's entry of a final appealable order approving the Merger, Ameritech Ohio will begin implementing in Ohio the "Transition Mechanism" 10-digit trigger capability relating to Local Number Portability ("LNP"), and to complete such implementation in no less than the Columbus MSA by April 1, 2000, and by July 1, 2000 in all other Ameritech Ohio central offices where Ameritech Ohio is required to provide LNP. If Ameritech Ohio deploys LNP in an office after April 1, 2000, pursuant to a BFR, LNP will be deployed with the "Transition Mechanism" 10-digit trigger capability. These implementation dates are contingent on SBC/Ameritech obtaining timely delivery of the necessary "Transition Mechanism" 10-digit trigger capability from vendors. Ameritech Ohio's obligation to implement the "Transition Mechanism" 10-digit trigger capability as set forth in this Section IX.H. will not terminate should the Joint Applicants withdraw their Joint Application.

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- I. Interim Local Number Portability Provisioning. SBC/Ameritech will make available to NECs that are Stipulating Parties that mutually agree to the terms and conditions therein, the interim agreement set forth in the letter of November 25, 1998 from Warren Mickens, AIIS Vice President. Customer Operations to Mark Titus, Time Warner Telecom, Regional Vice President, relating to the operations and processing of Time Warner orders for Local Number Portability, until such time as the "Transition Mechanism" 10-digit trigger capability is implemented in Ameritech Ohio's service area. SBC/Ameritech will make said interim agreement available to any NEC that mutually agrees to the terms and conditions contained therein, provided that the NEC's interconnection agreement does not contain provisions addressing the interim agreement issues. For any NEC whose interconnection agreement does address the interim agreement issues, SBC/Ameritech will entertain requests for amending such interconnection agreement. Any such amendments shall be subject to Commission approval.
- J. Structure Access Intervals. Within 6 months following the Merger Closing Date, Ameritech Ohio will review whether it can reduce the average time it takes to issue a pole attachment permit, to install a third party's cable in Ameritech Ohio's conduit, or to provide access to its ducts and rights-of-way. Ameritech Ohio will report to the Commission within 30 days after the conclusion of its review whether it can reduce the average time to perform said acts.
- K. <u>Pole Attachment and Conduit Records</u>. SBC/Ameritech commit that Ameritech Ohio will reduce the average time elapsed between the date a request is made to review pole attachment and conduit records and the date such records become accessible for review by 10% within 6 months after the Merger Closing Date.

X. BOOKS AND RECORDS

SBC/Ameritech will provide Commission Staff access to books and records of any affiliate that engages in transactions with any SBC/Ameritech affiliate that operates in Ohio as a

public utility. Where SBC/Ameritech are not able to provide access to relevant books and records in Ohio, they agree to pay reasonable and necessary travel expenses of the Commission Staff in order to examine such relevant books and records in an out-of-state location when such payment is authorized in writing by one or more Commissioners.

XI. AFFILIATES

- A. Within 14 days of the Commission's entry of a final appealable order approving the Merger and prior to the Merger Closing Date, SBC agrees to request withdrawal of service, effective upon the Merger Closing Date, of SBC's Ohio landline interexchange affiliate, Southwestern Bell Communications Services, Inc. Within 3 days of the Merger Closing Date, SBC/Ameritech agrees to withdraw certification requests by Ameritech Communications, Inc. ("ACI") now pending in Case Nos. 96-327-CT-ACE and 96-658-TP-ACE.
- B. The Joint Applicants commit that at least 90 days prior to applying for authority under Section 271 of the Telecommunications Act of 1996 to offer in-region interLATA service in Ohio, SBC/Ameritech's Section 272 affiliate will request from the Commission all required intrastate certifications for such affiliate.
- C. The Joint Applicants commit that at least 90 days prior to applying for authority under Section 271 of the Telecommunications Act of 1996 to offer in-region interLATA service in Ohio, Ameritech Ohio will file in PUCO Case No. 96-702-TP-COI information concerning its compliance with the Section 271 Checklist.

XII. MARKET POWER

- A. SBC/Ameritech will measure competition and market power for Ameritech Ohio and all competitors in Ohio telecommunication markets.
 - 1. Ameritech Ohio will provide the Commission Staff with an initial assessment of competition and market power for Ameritech Ohio no later than 90 days following the Merger Closing Date. This initial assessment

will be based on data for the most recent readily-available period that ends no later than the day before for the Merger Closing Date.

- 2. Ameritech Ohio will provide additional assessments no later than 90 days after the end of a calendar year beginning with the first calendar year following the date of the initial assessment and continuing for a period of 7 years; provided that such assessments will only be provided for 4 years if Ameritech Ohio passes the Competitive Line Growth Test set forth in Section IX.C.3. at 200,000 residential access lines within 4 years of the Merger Closing.
- B. A description of the approach to be used is as follows:
 - 1. The goal of a competitive market power assessment of Ameritech Ohio is to capture the market power of Ameritech Ohio in relation to other competitors in Ameritech Ohio's current service territory. In so doing, the market power assessment should sufficiently ascertain:
 - a. Ameritech Ohio's relative position in the relevant markets (e.g., local exchange, intraLATA toll, interexchange, wireless);
 - b. The competitive alternatives and substitutes a customer may have; and
 - c. The rate at which competitive alternatives are developing/growing.
 - 2. SBC/Ameritech will work with Staff and provide the appropriate models, updated on a periodic basis, which would measure and/or determine for the relevant markets:
 - a. Availability of NEC services as alternatives (resale and UNE/facilities based):
 - (A) the location of NEC networks (such as equipment, switches, fiber, facilities);
 - (B) the number of business and residential customers and access lines (or access line equivalents) that are and can be served by their networks;
 - (C) the revenues their customers generate;
 - (D) the NECs' growth rate;
 - b. Availability of wireless alternatives:
 - (A) the location of the wireless networks (such as equipment, switches, towers);

- (B) the number of business and residential customers and equivalent lines that are and can be served by their networks;
- (C) the revenues their customers generate;
- (D) the wireless growth rate;
- (E) extent to which these services are competitive alternatives to landline local service;
- c. Availability of cable access and other non-SBC/Ameritech alternatives:
 - (A) the location of the cable access and other non-SBC/Ameritech alternatives available that are or can be upgraded to support telephony (equipment, switches, facilities);
 - (B) the number of business and residential customers and equivalent lines that are and can be served by their networks;
 - (C) the telecommunications revenues their customers generate;
 - (D) the growth rate;
 - (E) extent to which these services are competitive alternatives to landline services;
- d. Availability of SBC/Ameritech's services:
 - (A) the number of business and residential customers and access lines (or access line equivalents) that are served by the SBC/Ameritech network:
 - (B) the revenues the customers generate;
 - (C) the SBC/Ameritech growth rate.
- 3. SBC/Ameritech commit to provide all the appropriate SBC/Ameritech data (retail, resale, and UNE) to support such an assessment. In addition, SBC/Ameritech will systematically collect relevant information via residence and business customer surveys, which would be prepared with the Commission Staff's input, to augment the assessment. Further, SBC/Ameritech will develop and provide to the Staff all the models (e.g., calculations, estimations, indices development) to achieve the goals of the marketplace competitive assessment as described above. The Staff may

attempt to obtain on an annual basis the information identified above for all competitors operating in the current Ameritech Ohio territory. In all events, SBC/Ameritech remain obligated to develop all required data. All such information will be extremely confidential and SBC/Ameritech shall limit its disclosure of company-specific information to only the Commission and the Commission Staff.

XIII. ENFORCEMENT

- A. <u>Service Quality Test.</u> If Ameritech Ohio fails to meet the service quality standards set forth below in Section XIII.A.1. for Ameritech Ohio's retail end user customers in its service area (as that area exists as of the Merger Closing Date), it will make payments in a total aggregate amount not to exceed \$16.666 million per year, for three years, pursuant to the following procedure:
 - 1. The following performance measurements, weights, and standards will be used for purposes of this Service Quality Test:

PE	RFORMANCE MEASURE	WEIGHT ~	STANDARD ::-
1)	Business Office Average Speed of Answer	1.0	≤60 sec.
2)	Repair Reporting Center Average Speed of Answer	1.0	≤60 sec.
3)	OOS Repair Cleared Within 24 Hours	2.0	≥90%
4)	New Access Lines Installed Within 5 Days	1.0	Year 1 ≥90% Year 2 ≥91% Year 3 ≥92%
5)	Repair Premises Appointments and Outside Commitments Met	1.0	Year 1 ≥90% Year 2 ≥91% Year 3 ≥92%
6)	Installation Premises Appointments Met	1.0	Year 1 ≥90% Year 2 ≥91% Year 3 ≥92%
7)	Compliance With Certain PUCO Orders and Rules (as described in Section XIII.A.2.)	1.0	See XIII.A.2. below

- 2. The standard "Compliance With Certain PUCO Orders and Rules" will be determined as follows:
 - a. The 4 specific orders/rules to be reviewed during calls monitored jointly by Commission Staff and Ameritech Ohio representatives are as follows:
 - (A) The LEC shall notify the applicant or subscriber of the availability of credits (billing adjustments or installation charge waivers) for missed scheduled on-premises repair appointments, installation appointments, or outside repair commitments. Such notification shall be made at the time the applicant or subscriber arranges the appointment. (MTSS Rule 4901:1-5-18(D))
 - (B) Each LEC shall provide current subscribers or applicants for new or optional service(s) the necessary information to obtain the most economical LEC services conforming to his/her stated needs, including without limitation: (A) applicable services available; (B) rates, charges, and provisions of the applicable services; (C) any nonrecurring charges; (D) an estimate of the initial billing for all monthly service; and (E) all applicants for new local residential service (including additional lines) shall be advised of the option of deferred payment arrangements. (MTSS Rule 4901:1-5-06(D))
 - (C) Applicants for new basic local telephone service shall be asked whether they receive public benefits. All such callers who indicate that they receive public benefits will be informed that they may be eligible for telephone assistance and will receive, from the dedicated USA enrollment group, accurate information identifying the programs that qualify for USA services.
 - (D) Current USA subscribers who request payment plan information and all new applicants who are qualified or interested in the USA program shall receive accurate information about the arrearage payment plan available to USA customers.
 - b. Where during such joint monitoring the observation of a call permits Commission Staff to determine whether Ameritech Ohio has met one or more of the above orders/rules (Sections XIII.A.2.a.(A)-(D)), such observation shall result in a "valid observation" for each such order/rule.

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- c. Commission Staff may make unannounced visits during each calendar month to Ameritech Ohio's business offices, repair offices, and collections/final accounts offices to monitor customer calls. Visits to each such office shall include an Ameritech Ohio supervisor or manager to join in remotely observing how service representatives and maintenance administrators handle consumer calls.
- d. For purposes of calculating Ameritech Ohio's performance under each of the 4 rules/orders in Section XIII.A.2.a., the Commission Staff shall, during each measurement period, use no fewer than 50 and no more than 150 consecutive valid observations of Ameritech Ohio's compliance or non-compliance with such rule/order. In total, the Commission Staff shall, during each measurement period. use at least 400 valid observations. Such observations shall be reasonably distributed throughout the measurement period, by workday of the week, and across business offices, repair offices, and collection/final account offices located in or serving Ohio. If the Commission Staff fails to either: i) use at least 50 valid observations for each rule/order during a measurement period; or ii) use at least a total of 400 valid observations across all 4 rules/orders with no more than 150 valid observations per rule/order, then Ameritech Ohio shall be deemed in compliance with the "Compliance with Certain PUCO Orders and Rules" performance measure for that measurement period.
- e. At the end of each measurement period, the number of valid observations involving a noncompliance summed across all 4 rules/orders will be divided by the total number of valid observations. If the result of such calculation is greater than 10%, Ameritech Ohio will be deemed to have missed the "Compliance with Certain PUCO Orders and Rules" performance measure for that measurement period.
- 3. Performance will be measured and reported in a manner consistent with the MTSS and will be subject to the exceptions set forth in O.A.C. 4901:1-5-18 and the Stipulation entered into in Case No. 98-191-TP-COI. For purposes of determining Ameritech Ohio's compliance, performance will be averaged over a period of 12 consecutive months.
- 4. The Business Office Average Speed of Answer, Repair Reporting Center Average Speed of Answer, and Compliance With Certain PUCO Orders and Rules performance measures will be measured on a state-wide basis (the "State-Wide Measures"). All other performance measures shall be measured individually for the three geographic areas (the "Geographic Areas") set forth below (the "Geographic Measures"):

- a. Services provided to customers within the geographic area currently served by area codes 419, 513, and 937;
- b. Services provided to customers within the geographic area currently served by area codes 216, 330, and 440; and
- c. Services provided to customers within the geographic area currently served by area codes 614 and 740.
- 5. Ameritech Ohio's performance will be measured in accordance with the following time periods:
 - a. The Start Date will be the first day of the first month that starts at least 6 months after the Merger Closing Date (e.g., if the Merger Closing Date is 7/15/99, the start date would be 2/1/00);
 - b. The Measurement Period will be consecutive 12 month periods (e.g., if the start date is 2/1/00, the first measurement period would be 2/1/00 through 1/31/01); and
 - c. The Duration of the payment obligation under this Section will be three Measurement Periods (e.g., the first Measurement Period would be 2/00 1/01, the second would be 2/01 1/02, and the third would be 2/02 1/03).
- 6. Ameritech Ohio will provide a report to the Commission Staff, OCC, Edgemont, and any other consumer group that is a Supporting Stipulating Party within 45 days following the end of each Measurement Period describing its performance for that Measurement Period as to each of the Performance Measures on a statewide basis or by Geographic Area, as applicable. Ameritech Ohio will also file a report with the Commission within 50 days following the end of each Measurement Period stating whether or not payment is due under Section XIII.A.7., below. If payment is due under Section XIII.A.7. below, Ameritech Ohio's filing will include proposed credits to be applied as provided in Section XIII.A.8. below, which credits will be made as proposed upon the Commission's approval of such filing. If the Commission has not ordered otherwise within 60 days of such filing, the filing shall be deemed approved.
- 7. Ameritech Ohio will make payment(s) in the amount of \$5.555 million under this Section XIII.A. in the event that, in any of the Geographic Areas, the sum of the weights associated with the Geographic Measures met for that Geographic Area during the applicable measurement period plus the sum of the weights associated with the State-Wide Measures during the applicable measurement period met is less than 5. If the total of such weights is 5 or more, no payment shall be due. For example, if Ameritech Ohio's weighted score for a particular measurement period is 4

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or less as to each of the 3 geographic areas, the payment due is \$5.555 million for each geographic area, or \$16.66 million in total.

- 8. Unless ordered otherwise by the Commission, any payments made pursuant to this Section XIII.A. shall be applied by Ameritech Ohio in the following manner:
 - a. 90% of the payment amount, as credits to Ameritech Ohio's end user customers within the affected geographic area(s). Such credits shall be calculated on a per account basis.
 - b.. 10% for use by the CEF, to be made available at the same time as the credits above are paid.
- B. <u>Competitive Test</u>. If Ameritech Ohio fails to meet the competitive test as set forth in this Section XIII.B., it will make a payment of \$20 million pursuant to the following procedure:
 - 1. At any time during the period commencing with the Merger Closing Date and ending 4 years thereafter, Ameritech Ohio will have satisfied the competitive test and no payment shall be required under this Section XIII.B. if Ameritech Ohio demonstrates any one of the following: (i) that the result of the Competitive Line Growth Test in Section IX.C.3. is that Competitive Line Growth is equal to or greater than 200,000 residential access lines; (ii) that Ameritech or one of its affiliates has received authority under Section 271 of the Telecommunications Act of 1996 to offer in-region interLATA services in Ohio; or (iii) if Section 271 of the Telecommunications Act of 1996 is repealed, that the result of the Competitive Line Growth Test in Section IX.C.3. is that Competitive Line Growth is equal to or greater than 115,000 residential access lines.
 - 2. If the Commission determines that Ameritech Ohio has failed to make the demonstration set forth in Section XIII.B.1. as of a date within 4 years following the Merger Closing Date, Ameritech Ohio will make a payment of \$20 million as follows:
 - a. \$15 million as: i) credits to Ameritech Ohio's end user customers within Ameritech Ohio's current service area; and ii) payments to NECs providing end-user service within Ameritech Ohio's current service area, as follows:
 - (A) A NEC's Access Lines, for each NEC, shall be the total number of access lines in service, including, without limitation, residence access lines, business access lines and end-user trunks, and ISDN lines, whether resold or not, measured as of the date 4 years following the Merger Closing Date within Ameritech Ohio's current service area.

Each NEC that desires to receive any of the \$15 million in payments must provide to the Commission and Ameritech Ohio, no later than 4 years and 30 days following the Merger Closing Date, a report identifying the number of such lines and trunks for that NEC. Such report shall separately identify: i) the number of resold Ameritech Ohio access lines; ii) the number of unbundled loops purchased from Ameritech Ohio; and iii) all other such lines and trunks in service within Ameritech Ohio's current service area. Each NEC submitting such a report will certify to SBC/Ameritech and to the Commission the accuracy of such report.

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- (B) <u>Total NEC Access Lines</u> shall be the sum of (A) above for all qualifying NECs submitting a timely report.
- (C) Total Ameritech Access Lines shall be the total number of access lines in service, including without limitation residence access lines, business access lines and trunks, Centrex lines, and ISDN lines, provided by Ameritech Ohio within Ameritech Ohio's current service area as of the date 4 years following the Merger Closing Date.
- (D) A NEC's Pro-Rata Share shall be the ratio of (A) above for that NEC, divided by the sum of (B) and (C).
- (E) Each affected NEC shall receive a payment equal to \$15 million multiplied by the NECs' Pro-Rata Share.
- (F) The amount remaining from the \$15 million, after subtracting all payments to affected NECs, shall be credited by Ameritech Ohio to its end user customers within its current service area. Such credits shall be calculated on a per account basis.
- (G) SBC/Ameritech reserve the right to hire an independent third-party auditor to perform all necessary audits needed to verify the reports submitted by NECs pursuant to XIII.B.2.a.(A). NECs that opt to take advantage of these payments must agree to cooperate in the performance of such audits, which will be paid for by SBC/Ameritech. Audit information will be restricted to SBC/Ameritech regulatory. legal, and/or AIIS personnel, SBC/Ameritech will prohibit those personnel disclosing audit-related information to Ameritech Ohio retail/marketing personnel.

- b. \$2.5 million to the CTF described in Section VI.G. at the same time as the payments/credits above are paid; and
- c. \$2.5 million to the CEF described in Section VI.F. at the same time as the payments/credits above are paid.
- 3. Ameritech Ohio may file a report with the Commission at any time after 1 year following the Merger Closing Date, but shall file a report no later than 30 days following the close of the 4-year period following the Merger Closing Date, demonstrating that it has or has not satisfied the competitive test set forth above in Section XIII.B.1. Assuming Ameritech Ohio's report states that the test has been met, the test will be deemed met either: i) upon the issuance of a Commission order finding that the test has been met; or ii) if no order is issued within 120 days after such filing. If payment is due under Section XIII.B.2., such payment shall be made as provided therein when and as ordered by the Commission.
- C. OSS Performance Measurements/Standards Test. If SBC/Ameritech fails to implement in Ohio at least 79 of the 105 performance measurements and related standards/benchmarks as set forth in Appendix 1 following the Merger Closing in accordance with the provisions of Section IV.D.6., SBC/Ameritech agree to make a payment of \$20 million as set forth in Section IV.D.6.

XIV. MISCELLANEOUS

- A. In addition to those reports referenced above, Ameritech Ohio shall submit a report to the Commission each year for the 4 years following the Merger Closing Date describing and documenting the status and progress made in meeting the agreements and commitments made in this Stipulation and Recommendation.
- B. Stipulating Parties agree not to propose, endorse, or seek legislation that would, by mandate, eliminate, limit, expand, or reduce the Joint Applicants' obligations with respect to the OSS and facilities commitments set out in Section IV.A. and IV.D.; the ADSL deployment commitment set out in Section V.C.; the rate freeze set out in Section VI.A.; the CEF, CTF and OCCCN funds described in Sections VI.F., VI.G., and VI.H., respectively; the non-telephone

household studies required under Section VIII.C.; the promotional unbundled loop discounts set out in Section IX.C.1.; the promotional resale discounts set out in IX.C.2.; the promotional provisions regarding non-recurring charges set out in Sections IX.C.4.j.(D), IX.F., and IX.G.; the payment amounts set out in Sections IV.D.6, XIII.A., and XIII.B; and the annual reports required under Section XIV.A.; provided, however, if a court decision, ruling on or interpreting the terms and conditions of this Stipulation, materially eliminates, modifies, or expands any of the foregoing provisions, any Stipulating Party may seek legislative relief from such court decision. Nothing contained herein shall be construed so as to limit the Commission or the Commission Staff's support of the Commission's legislative activities. In the event legislation is passed which, by mandate, eliminates, limits, reduces, or expands SBC/Ameritech's obligations under this Stipulation, SBC/Ameritech and the other Stipulating Parties will meet to discuss appropriate alternative obligations. In addition, in the event there is a change in the law that substantially changes the Commission's jurisdiction over incumbent local exchange telephone companies, the Joint Applicants agree that, unless specifically mandated otherwise, they will abide by all of the agreements and commitments made in this Stipulation.

The Stipulating Parties recognize that there may be Y2K-related problems that could arise which would render implementation time frames and commitments set forth in this Stipulation infeasible. In the event such problems arise, SBC/Ameritech agree to provide timely notice to the Commission and the Stipulating Parties, along with a proposed revised implementation schedule. Should any Stipulating Party not be in agreement with such schedule, SBC/Ameritech agree to meet with the Stipulating Parties to resolve any such disagreement.

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- D. The failure of any party to insist on the performance of any term or condition of this Stipulation and Recommendation or to exercise any right hereunder shall not be construed as a waiver of such term or condition or right.
- E. The terms contained in this Stipulation constitute the entire agreement among the Stipulating Parties on the matters contained herein and there are no other agreements or writings on those matters except those referred to herein. This Stipulation may not be modified except by a writing signed by all Stipulating Parties.
- F. Ameritech Ohio will work with the Commission Staff to identify any appropriate portions of this Stipulation which require an Ameritech Ohio filing at the Commission (including, but not limited to, tariffs) to implement this Stipulation.
- G. The Stipulating Parties agree that this Stipulation is submitted for purposes of full and final settlement of all issues related to this proceeding, and is not to be deemed binding upon the Stipulating Parties in any other proceeding except as provided for elsewhere in this Stipulation. All settlement discussions related hereto are and shall be privileged and shall not be used in any manner, nor be admissible for any other purpose in connection with this proceeding or any other proceeding. All the matters set forth in this Stipulation are presented only in connection with this Stipulation and the Ohio merger proceeding, and are presented without prejudice to any position any of the Stipulating Parties, including without limitation the Commission Staff, may advance in other proceedings and any positions that they may take in any other proceedings whether state or federal. Nothing herein limits the participation or position of the Commission in other proceedings whether state or federal.
- H. The participation of the OCC and Edgemont in this Stipulation is predicated upon the specific circumstances of Ohio state law and the Ohio regulatory environment, including, but

not limited to, the status of Ameritech Ohio's Alternative Regulation Plan, which may be subject to review beginning January 9, 2000. The participation of the OCC and Edgemont in this Stipulation does not indicate the support of any of the consumer coalitions in which the OCC and Edgemont have participated, for this Merger in any other jurisdiction, state or federal.

- I. Except as otherwise provided in Section III.E., the Stipulating Parties represent that, in the interest of expediting this proceeding, they shall not file an application for rehearing or appeal from a decision of the Commission.
- J. This Stipulation shall inure to the benefit of and be binding upon the successors and assigns of the Stipulating Parties.

Each of the undersigned Supporting Stipulating Parties hereby stipulates, agrees and represents that it is authorized to enter into this Stipulation and Recommendation this 23rd day of February, 1999.

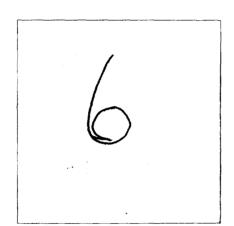
SEC COMMIDITIONS INC.
By: Paul K. Moneni
Its: ASSISTANT GENERAL COUNSEL
SBC DELAWARE, INC.
By: Fal K. Marcin
Its: ASSISTANT GENERAL Courses
AMERITECH CORPORATION
By: Thickarl Mulcaly
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AMERITECH OHIO	
By: Mulcaly	
Its: Counsel	
THE STAFF OF THE PUBLIC UTILITIES COMMISSION OF OHIO)
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SIGNATORY PAGE FOR NON-OPPOSING STIPULATING PARTIES

Each of the undersigned Non-Opposing Stipulating Parties hereby stipulates, agrees and represents that it is authorized to enter into this Stipulation and Recommendation this 23rd day of February, 1999.

TIME WARNER TELECOM OF OHIO L.P.		
By: Paul B. Jones perauth		
By: Paul B. Jones perauth MRS Its: So VP and General Counsel		
CORECOMM NEWCO, INC.		
By: Lally W Chomfuldfune		
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Pacific Telesis Community Partnership Commitment and Proposal for Settlement of Pending SBC/Pacific Telesis Merger Proceeding

PREAMBLE

Pacific Telesis' Commitment to Leadership

Emerging technologies and competition are driving extraordinary changes in today's telecommunications markets. Pacific Telesis believes technology and competition should serve the greater needs of society, advancing our ability to make the connections that enhance our daily lives.

Pacific Telesis intends to lead the way with technological and service innovations that enhance the way our customers communicate. Pacific Bell intends to strive to be the industry leader among telecommunications companies in serving low-income seniors and low-income, inner-city, minority, disability and limited-English speaking communities (underserved communities). In particular, we're concerned that all Californians, particularly underserved communities, have access to telecommunications services as they exist today and as they are evolving into advanced voice, data and video networks that can revolutionize the way people work, learn and live.

This Commitment must be placed in the context of the unprecedented changes in the telecommunications industry. The monopoly era is dead. Pacific Telesis is entering an era of dynamic uncertainty. No one company has the ability to change the way in which telecommunications will be provided to California. But Pacific Telesis and Pacific Bell have been and intend to continue to be the leaders in bringing telecommunications services to California, including California's underserved communities.

CUSTOMER SERVICE, ETHNIC MARKETS AND COMMUNITY SUPPORT

Following the merger, Pacific Telesis intends to maintain or improve the quality of service to customers in California, to expand service to ethnic and disability markets, and to build communication bridges to Mexico, Latin America and the Pacific Rim countries. Moreover, Pacific Telesis intends to maintain its commitments to diversity in the workforce and to continue charitable contributions and community support that Pacific Telesis, its subsidiaries and foundation have provided to California.

The Pacific Bell marketing organization intends to continue to study underserved communities and will consult with the Universal Service Taskforce (see section below) on providing basic and advanced services to these communities.

Pacific Bell also intends to continue to provide all current multilingual services and to expand those services and add services in additional languages as needed to meet customer needs. Pacific Bell also intends to provide multilingual billing and other customer materials where necessary to facilitate serving Pacific Bell customers.

Pacific Bell intends to be a leader in California on issues affecting the economic growth of underserved communities, such as job development and small business development. In addition, Pacific Telesis and Pacific Bell believe in the importance of philanthropic investments to assist underserved communities in areas such as education, job development, economic development and key social services. Pacific Bell intends to make such investments a principal focus of its foundation and corporate grants and gifts.

Moreover, Pacific Bell intends to increase its budget for corporate and foundation grants and gifts (as compared to its 1996 budget) by one million dollars beginning with the first full calendar year following the closing of the merger between Pacific Telesis and SBC Communications. Pacific Bell agrees to maintain that increased budget for three years, resulting in a total increase in funding of three million dollars. The incremental increase will be earmarked for grants to entities supporting underserved communities.

At the end of the third year of increased funding and for each year thereafter for the term of this Commitment, Pacific Bell shall consider in good faith the feasibility of maintaining funding at the increased level.

LEADERSHIP IN UNIVERSAL SERVICE

Although with the advent of competition Pacific Bell is no longer the sole provider of local communications service in California, Pacific Bell remains deeply committed to improving the availability of basic and advanced telecommunications services to underserved communities throughout the state. Pacific Bell intends to maintain its leadership position in enhancing the availability and penetration of telecommunications services and will make a good faith effort toward helping California achieve 98 percent penetration in low-income, minority and limited-English-speaking communities within the next seven years. Given the advent of competition, however, Pacific Bell's efforts to achieve increased penetration cannot succeed without the complete commitment of the other providers of telecommunications services in California. Pacific Bell intends to lead the industry effort in this respect.

Pacific Bell will form a Universal Service Taskforce to work in partnership with community leaders in assessing methods for improving the penetration of basic and advanced communication services and removing barriers to universal service. The taskforce will include signatories to this Commitment, Pacific Bell representatives and other members of the public interest community agreeable to the signatories. The taskforce will be charged with the following responsibilities: developing recommendations that will help move California toward 98 percent telephone penetration in low-income, minority and limited-English-speaking communities within seven years; reviewing all aspects of lifeline service; studying language and physical barriers to universal service; and recommending methods for measuring penetration within the disability community. The taskforce also will be responsible for integrating all existing Pacific Telesis and Pacific Bell universal service and phone penetration agreements into its efforts.

Pacific Bell will provide reports to the taskforce on regulatory, policy, technology and other issues affecting basic and advanced communications services and barriers to universal service. The taskforce will communicate in writing with the Pacific Bell board on an as-needed basis and will meet with the board once each year.

Pacific Bell officers will participate in an annual community forum during which the taskforce will present a universal service status report to a broad array of community leaders.

Pacific Bell expenses associated with the taskforce (except Pacific Bell employee salaries) shall not extend beyond seven years from the date of this Commitment and shall not exceed \$100,000 annually for each of those seven years.

Pacific Bell Community Technology Fund

Over the last several years, the Telesis Consumer Advisory Panel and community leaders have proposed the establishment of a fund to address universal service and to give underserved communities access to advanced telecommunications services. To demonstrate its support, Pacific Bell will establish a fund managed jointly by a broad-based committee of community and public interest group leaders, technology experts, Pacific Bell and other telecommunications industry contributors to the fund. "Public interest groups" are those groups and organizations described in Section 1802 (b) of the Public Utilities Code.

Elements of the fund:

Size, structure and name. Pacific Bell will pay to the fund up to \$5,000,000 per year for ten years. If Pacific Bell contributes less than \$5 million to the Fund in any of the ten years, then the excess of \$5 million over the amount contributed by Pacific Bell in that year can be carried over to increase the amount to be contributed by Pacific Bell in the subsequent years. Pacific Bell's total contribution will not exceed \$50 million (excluding any contributions made pursuant to the "Pacific Bell Challenge" described below).

The fund will be governed by a committee selected and agreed to by all of the signatories to this Commitment. Pacific Bell will provide staff support and, together with other telecommunications industry contributors, will have representation on the governing board. Representatives of community and public interest groups will form a majority of the committee. If Pacific Bell is the sole industry participant in the fund, the fund will be identified as the Pacific Bell Community Technology Fund.

Purpose. Its focus will be to advance universal service principles and to provide underserved communities with access to and education about emerging and advanced telecommunications. The committee will define and implement a program of community technology partnerships that will include program design, establishing funding guidelines and eligibility requirements, short- and long-term grantmaking, funding for technical support (if required), and follow-up analysis and publication.

The committee will be charged with identifying and responding to the needs of underserved communities. The committee also will be charged with reviewing the effects of competition on underserved communities in California.

Membership. Committee members will represent different geographic, ethnic, racial, urban, rural, senior and disability constituencies. Committee members shall include persons representing the signatories to this Commitment, persons representing telecommunications providers who contribute to the fund in response to the Pacific Bell Challenge described below, and other persons representing community and public interest groups who are agreed to by all of the signatories to this Commitment. Community and public interest group members could be compensated from the fund for expenses and an honorarium, if that is the wish of the committee.

Spending. Funds may be used for telecommunications network infrastructure, communications services, hardware or customer premises equipment, universal design applications, related training, technical assistance, consumer advocacy, consumer leadership and education efforts, research unit activities and to fund the administrative costs. Administrative costs shall not exceed five percent of the grants awarded on an annual basis. Administrative costs include committee member expenses and honorariums, if any, and Fund staffing and operations expenses. Grants awarded for the purpose of consumer advocacy may not be used to assert positions which, in the judgment of any signatory to this Commitment, are adverse to such signatory's interests.

During the first three years, the committee shall award \$1.5 million annually in grants to entities supporting underserved communities for projects that do not involve telecommunications.

The committee shall consider the following criteria in funding projects: relevance to the purpose of the fund, community support for the project, lasting benefit to the community, capability of the applicant to use the technology or service provided, accountability of the applicant in providing the service to the community, a carefully considered application and work plan, the cost-effectiveness of the project, applicant's management capability and control of the project and whether or not the project could be undertaken without assistance from the fund. All projects shall be sensitive to the needs of disabled consumers and focus on underserved communities.

To the extent that funds are used to acquire services and products from telecommunications providers, those services and products will, whenever possible, be acquired from Pacific Bell and other industry contributors to the fund in proportion to their contributions.

Think tank. State and federal laws are transforming the telecommunications industry by encouraging greater competition among all industry participants. Neither Pacific Bell nor any other industry participant can predict how the new competitive marketplace will unfold.

In this new environment, consumer and public interest groups can more effectively serve their constituencies if they have access to quality research. Accordingly, the committee shall establish a research unit designed to serve as a consumer-oriented "think-tank." The research unit shall be non-partisan, independent and not aligned with any telecommunications provider or signatory to this Commitment. The committee shall earmark sufficient funds to allow the unit to conduct ongoing research studies which address the vital interests of underserved communities and the general public in the evolving competitive environment.

The research unit shall be university-based, and research studies will be distributed to consumer and public-interest groups. Where appropriate, the committee may fund conferences, seminars and other educational sessions aimed at increasing understanding of the competitive environment among the general public and consumer and public interest group leaders.

Funding for the research unit and associated educational efforts shall be contributed by Pacific Bell in addition to Pacific Bell's \$5,000,000 annual contribution to the Community Technology Fund. Pacific Bell's contribution to fund the research unit shall not exceed \$200,000 per year for five years. Following this five-year period, funding may be continued at the discretion of the committee from the funds of the Community Technology Fund provided that such discretionary funding shall not exceed two percent of the annual contribution to the Community Technology Fund.

Reversion. Any amounts remaining in the Fund on the fifteenth (15th) anniversary of Pacific Bell's first contribution to the Fund shall revert to Pacific Bell.

A Challenge To The Industry

Pacific Telesis believes that a long-term commitment from the entire telecommunications industry is needed in this effort. Therefore, Pacific Telesis will make a challenge pledge to all providers of telecommunications in California to contribute to the Community Technology Fund.

Pacific Telesis offers to contribute an additional \$3 million to the Fund each year for nine years commencing three years following consummation of the Pacific Telesis/SBC merger (the "Pacific Bell Challenge"), provided that other California telecommunications providers make commitments during those three years which in the aggregate match or exceed the Pacific Bell Challenge. If other telecommunications providers fail to meet the Pacific Bell Challenge, Pacific Bell will nonetheless contribute over the nine-year period an amount that matches whatever amount other providers commit to contribute during the three-year period. If other telecommunications providers fail to match the Pacific Bell Challenge within three years, Pacific Bell promptly will urge the Commission to institute a proceeding to determine how best to achieve the objectives sought by this section of the Commitment.

LEADERSHIP IN WORKFORCE DIVERSITY

Pacific Telesis has an outstanding record with respect to workforce diversity. The Company's employment of racial and ethnic minorities has risen substantially over the past decade despite a volatile telecommunications industry. The Pacific Telesis workforce is 56.6 percent female and 42.2 percent minorities. This compares to a California workforce that is 43.8 percent female and 43.2 percent minority.

Pacific Telesis intends, consistent with the new competitive environment, to continue to be a California leader in the employment and advancement of women and minorities throughout its management ranks. Pacific Telesis also intends to continue its efforts to employ and promote qualified people with disabilities. In addition, Pacific Bell will continue its good faith efforts toward further achieving a diverse workforce at all levels of management that reflects California's labor pool of available and qualified persons with the requisite skills.

Moreover, Pacific Telesis is committed to fostering business practices that support and value diversity in community and vendor relations, with the intent of providing equal opportunity and creating economic development among populations that need it most.

In 1995, Pacific Bell made 24 percent of its purchases from businesses owned by minorities, women or disabled veterans. Following the merger, Pacific Bell intends, consistent with the new competitive environment, to make a good faith effort to be the California telecommunications industry leader in awarding contracts to qualified and competitive minority vendors.

TECHNOLOGY LEADERSHIP

Pacific Telesis has focused on providing Californians a modern telecommunications infrastructure with particular emphasis on advanced networks for voice, data and video services through both wireless and land-line technologies. The Company intends to provide customers with increasingly sophisticated telecommunications technologies to keep California a national technology leader.

Pacific Telesis intends to continue its efforts to make telephone equipment and services accessible to people with disabilities by encouraging telecommunications vendors and Pacific Telesis technology design and research groups to use universal design concepts in the development of technologies and products.

EXTERNAL AFFAIRS

Pacific Bell has a long tradition of working with community leaders who represent the political, social, racial, ethnic, disability, cultural and linguistic diversity of California.

To ensure that California community and public interest groups have access to the newly merged company, external affairs managers from Pacific Bell will be dedicated to these groups to discuss service and policy issues, serving as ombudsmen for complaints and problems that are raised by these groups. Pacific Bell also will maintain both its internal Ombudsmen Office for employee concerns and its Regulatory Informal Appeals Group for escalated consumer complaints.

In addition, SBC has agreed to appoint an officer to serve on the Pacific Telesis and Pacific Bell boards of directors. Community and public interest groups will have access to SBC through this officer.